

Calculating Your DROP Benefit

The following is a step-by-step method of calculating your DROP benefit. This is only an estimate. When you are ready to make a decision about entering DROP, contact the ERS for an official estimate. The retirement benefit calculator on our Web site will also calculate the DROP benefit for eligible members.

1. Determine your monthly retirement benefit at the DROP participation date.

Average Final Salary x Years and Months of Service x .020125* ÷ 12 = Monthly Retirement Benefit

The Average Final Salary is the average of the highest three annual salaries in the member's last 10 years of creditable service for which the member made contributions.

This formula will only compute the Maximum monthly retirement benefit. For Options 1, 2, or 3, use the benefit calculator on our Web site to determine the monthly retirement benefit.

**.02875 for a State Policeman*

2. Multiply the monthly retirement benefit times the factor associated with the number of years you elect to participate in DROP to give you the DROP contributions value including interest.

1 year - 12.24
2 years - 24.97
3 years - 38.21
4 years - 51.98
5 years - 66.30

3. Determine the value of your contributions, plus interest, made during the DROP participation period.

Multiply the average salary (estimated) during the DROP participation period times the factor for the number of years you elect to participate in DROP.

1 year - .0510
2 years - .1040
3 years - .1592
4 years - .2166
5 years - .2762

4. Add the two amounts together to give you an estimated value of your DROP benefit at the end of the DROP participation period.

Example:

At the DROP participation date the member had an average final salary of \$58,000; 32 years of service; and selects the Maximum retirement benefit. The member elects a four-year DROP participation period and estimates that the salary for the next four years will average \$60,500.

1. Monthly retirement benefit:
 $\$58,000 \times 32 \times .020125^* \div 12 = \$3,112.67$
2. DROP contribution value including interest:
 $\$3,112.67 \times 51.98 = \$161,796.58$
3. Member contributions including interest:
 $\$60,500 \times .2166 = \$13,104.30$
4. Total DROP benefit:
 $\$161,796.58 + \$13,104.30 = \$174,900.88$

** .02875 for a State Policeman*

State Police Only

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1. Monthly retirement benefit:
 $\$58,000 \times 32 \times \mathbf{.02875} \div 12 = \$4,446.67$
2. DROP contribution value including interest:
 $\$4,446.67 \times 51.98 = \$231,137.91$
3. Member contributions including interest:
 $\$60,500 \times .4331 = \$26,202.55$
4. Total DROP benefit:
 $\$231,137.91 + \$26,202.55 = \$257,340.46$